

Eliminating state payment of employee Social Security

HB 1873 by Mowery, Craddick (Bivins)

DIGEST:

HB 1873 would have eliminated state payment of Social Security taxes for state employees. State employees and judges on the payroll August 31, 1993, would have received supplemental pay equal to the amount the state paid on Social Security taxes plus an amount equal to the increased employee retirement contribution resulting from the pay increase. Employees who left state employment after September 1, 1993, but returned to state employment within two years would have been entitled to receive the supplemental pay increase. New employees hired beginning September 1, 1993, would not have been entitled to the supplemental pay increase.

GOVERNOR'S REASON FOR VETO:

"The state salary schedule is designed to assure employees that compensation will be equal among pay grades for specific job classifications. This bill would convert the present state-paid social security for state employees into a salary supplement for current state employees only. In effect, this bill would create two classes of employees, with one paid more for the same work than others. This action is not necessary to balance the state budget and it creates serious problems for the state salary and classification system."

RESPONSE:

Rep. Anna Mowery, the author of HB 1873, said: "The governor made a bad mistake putting an interest group above good public policy. The Texas Public Employees Association was in favor of the bill, which would have benefited current state employees by increasing their salary by about \$1,000 a year and thereby ultimately increasing their retirement benefits. I did not speak to one current state employee who was not content with the provisions of the bill once they understood it. The Texas State Employees Union was using the bill to try and recruit new members. Only senators and state representatives would have lost out on the bill because their salaries are set in the state Constitution, and they would only have lost about \$25 a month. Taxpayers should be angry with the governor because the bill would have saved the state about \$25 million next biennium and up to \$200 million in future years. The bill would have produced tremendous savings for the state."

House Appropriations Committee chairman Robert Junell added, "HB 1873 was excellent policy, and it was pure politics that the bill was vetoed."

NOTES:

According to the fiscal note prepared by the Legislative Budget Office, HB 1873 would have saved the state \$26.8 million from all funds in fiscal 1994-95 and \$100.5 million in fiscal 1996-97.

HB 1873 was analyzed in Part Two of the May 5 *Daily Floor Report*.